

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**DEFENSE BASE REALIGNMENT AND CLOSURE
BUDGET DATA FOR HANGAR UTILITY
IMPROVEMENTS AND THE RELOCATION OF THE
F-14D AIRCRAFT FROM NAVAL AIR STATION
MIRAMAR, CALIFORNIA TO NAVAL AIR STATION
OCEANA, VIRGINIA BEACH, VIRGINIA**

Report No. 97-109

March 14, 1997

Department of Defense

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Acronyms

BRAC
MILCON
NAS

Base Realignment and Closure
Military Construction
Naval Air Station



INSPECTOR GENERAL
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MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT AND COMPTROLLER)

SUBJECT: Audit of Defense Base Realignment and Closure Budget Data for Hangar Utility Improvements and the Relocation of the F-14D Aircraft From Naval Air Station Miramar, California to Naval Air Station Oceana, Virginia Beach, Virginia (Project No. 7CG-5002.08)

Introduction

We are providing this report for your information and use. The audit was required by Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991. Enclosure 1 provides details on the history of the Defense base realignment and closure (BRAC) process and on our auditing and reporting requirements.

This report is one in a series about FY 1998 BRAC military construction (MILCON) costs. The report provides the results of the audit of project P-165U, "Hangar Utility Improvements," at Naval Air Station (NAS) Oceana, Virginia Beach, Virginia.

Audit Results

The Navy properly planned, programmed, and documented the FY 1998 BRAC MILCON requirement of \$1.25 million for project P-165U for the improvements to hangar facilities in accordance with DoD criteria and public law.

Audit Objectives

The overall audit objective was to determine the accuracy of BRAC MILCON budget data. The specific objectives were to determine whether the proposed project was a valid BRAC requirement, whether the decision for MILCON was supported with required documentation including an economic analysis, and whether the economic analysis considered existing facilities. Another objective was to assess the adequacy of the management control program as it applied to the overall audit objective. The management control program will be discussed in a summary report on FYs 1997 and 1998 BRAC MILCON budget data.

Scope and Methodology

Scope of This Audit. We examined the FY 1998 BRAC MILCON budget request and related documentation regarding hangar utility improvement and the relocation of F-14D aircraft from NAS Miramar to NAS Oceana. We reviewed the supporting documentation for project P-165U valued at \$1.25 million. We did not use computer-processed data or statistical sampling procedures to conduct this audit. See Enclosure 1 for the overall scope of the audit of BRAC MILCON costs.

Audit Period, Standards and Locations. This economy and efficiency audit was conducted from September through December 1996 in accordance with the auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. We visited or contacted individuals and organizations within DoD. Further details are available upon request.

Prior Audits and Other Reviews

Three summary reports have been issued for the audits of BRAC budget data for FYs 1992 through 1996. These reports list individual projects. Since April 1996, numerous additional audit reports have been issued that address DoD BRAC budget data for FYs 1997 and 1998. Details on these reports are available upon request.

Project Background

Project Justification. Project P-165U was originally budgeted as an FY 1996 BRAC MILCON project, estimated to cost \$1.25 million. As a result of the relocation of 36 F-14D aircraft from NAS Miramar, to NAS Oceana, this project was required to upgrade the air cooling system for the on-line maintenance of F-14D avionics equipment. The availability of permanent ground cooling and servo air fixtures is essential to the ability to maintain the Navy's F-14D aircraft. An economic analysis was performed to determine whether it was economically feasible to use a centralized air cooling system, fixed point air conditioning system, or electric ground support equipment air conditioning units. NAS Oceana does not have permanent cooling air service in any hangar as of September 1996.

Discussion

BRAC MILCON Requirements Determination. The Navy properly justified requirements for a cooling air system to support the relocation of the F-14D aircraft to NAS Oceana. We reviewed the DD Form 1391, "FY 1998 Military

Construction Program," September 19, 1996, and supporting documents, including the economic analysis and the facility study. The aircraft requires an uninterrupted cooling air system for on-line system maintenance of F-14D avionics equipment. Justification for the cooling units was based on allowances contained in the Military Handbook 1028/6A, "Aircraft Fixed Point Utility Systems," May 1996.

BRAC MILCON Cost Requirements. The DD Form 1391 estimated project P-165U costs at \$1.25 million. We concluded that the hangar utility improvement costs were properly justified by the Navy. Additionally, the Navy justified the requirement for hangar utility improvements for the cooling air system upgrades. The Navy conducted an economic analysis of three alternative cooling air systems to determine the method that would be most economically feasible. The analysis supported the position that the Navy should install the fixed point air conditioning system with 8 stand alone air conditioning units, with 16 fixed drops in hangars 200 and 404.

Summary

The Navy properly justified the hangar utility improvements for FY 1998 project P-165U. Therefore, this report contains no recommendations.

Management Comments

We provided a draft of this report. Because the report contains no findings or recommendations, written comments were not required, and none were received. Therefore, we are publishing this memorandum report in final form.

We appreciate the courtesies extended to the audit staff. For additional information on this report, please contact Mr. Wayne K. Million, Audit Program Director, at (703) 604-9312 (DSN 664-9312) or Mr. Henry P. Hoffman, Audit Project Manager, at (703) 604-9310 (DSN 664-9310). We will provide a formal briefing on the results of the audit, if desired. Enclosure 2 lists the distribution of this report. The audit team members are listed inside the back cover.



David K. Steensma
Deputy Assistant Inspector General
for Auditing

Enclosures

Background of Defense Base Realignment and Closure

Commission on Defense Base Closure and Realignment. On May 3, 1988, the Secretary of Defense chartered the Commission on Defense Base Closure and Realignment (the Commission) to recommend military installations for realignment and closure. Congress passed Public Law 100-526, "Defense Authorization Amendments and Base Closure and Realignment Act," October 24, 1988, which enacted the Commission's recommendations. The law also established the Defense Base Closure Account to fund any necessary facility renovation or MILCON projects associated with BRAC. Public Law 101-510, "Defense Base Closure and Realignment Act of 1990," November 5, 1990, reestablished the Commission. The law also chartered the Commission to meet during calendar years 1991, 1993, and 1995 to verify that the process for realigning and closing military installations was timely and independent. In addition, the law stipulates that realignment and closure actions must be completed within 6 years after the President transmits the recommendations to Congress.

Required Defense Reviews of BRAC Estimates. Public Law 102-190, "National Defense Authorization Act for Fiscal Years 1992 and 1993," December 5, 1991, states that the Secretary of Defense shall ensure that the authorization amount that DoD requested for each MILCON project associated with BRAC actions does not exceed the original estimated cost provided to the Commission. Public Law 102-190 also states that the Inspector General, DoD, must evaluate significant increases in BRAC MILCON project costs over the estimated costs provided to the Commission and send a report to the congressional Defense committees.

Military Department BRAC Cost-Estimating Process. To develop cost estimates for the Commission, the Military Departments used the Cost of Base Realignment Actions computer model. The Cost of Base Realignment Actions computer model uses standard cost factors to convert the suggested BRAC options into dollar values to provide a way to compare the different options. After the President and Congress approve the BRAC actions, DoD realigning activity officials prepare a DD Form 1391, "FY 1998 Military Construction Project Data," for each individual MILCON project required to accomplish the realigning actions. The Cost of Base Realignment Actions computer model provides cost estimates as a realignment and closure package for a particular realigning or closing base. The DD Form 1391 provides specific cost estimates for an individual BRAC MILCON project.

Limitations and Expansion to Overall Audit Scope. Because the Cost of Base Realignment Actions computer model develops cost estimates as a BRAC package and not for individual BRAC MILCON projects, we were unable to determine the amount of cost increases for each individual BRAC MILCON project. Additionally, because of prior audit efforts that determined potential problems with all BRAC MILCON projects, our audit objectives included all large BRAC MILCON projects.

Background of Defense Base Realignment and Closure

Overall Audit Selection Process. We reviewed the FY 1998 BRAC MILCON \$354.3 million budget submitted by the Military Departments and the Defense Logistics Agency. We excluded projects that were previously reviewed by DoD audit organizations, unless the projects were subsequently modified by the Military Departments. We grouped the remaining BRAC MILCON projects by location and selected all projects in the budget. We also reviewed those FY 1997 BRAC MILCON projects that were not included in the previous FY 1997 budget submission, but were added as part of the FY 1998 BRAC MILCON budget package.

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Audit Team Members

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